

The Taxpayer Protection Act (S. 195) will extend oversight, accountability, and transparency provisions of the Emergency Economic Assistance Act of 2008 to all federal emergency economic assistance to private entities, impose tough conditions for all recipients of such assistance, set up a federal task force to investigate and prosecute criminal activities that contributed to our economic crisis, and establish a bipartisan financial market investigation and reform commission.

(1) Extend the oversight, accountability and reporting provisions that apply to the Treasury Department under the Emergency Economic Stabilization Act (EESA) to Federal financial entities providing emergency economic assistance to private firms

Authorizes and requires oversight responsibilities that EESA assigns to cover the activities of all Federal financial entities that provide emergency economic assistance in the federal government's financial recovery effort (e.g., the Federal Reserve System, Federal Deposit Insurance Corporation, and the Federal Housing Finance Agency).

In addition, each Federal financial entity that provides emergency economic assistance is required to make monthly reports to Congress with the names and other details about the private entities receiving such assistance, together with a full description of the collateral or other interests granted to the Federal financial entity to ensure that taxpayer money is protected and repaid to the maximum extent possible.

(2) All private firms receiving emergency financial assistance should be subject to the same set of rules imposed in the recent automobile industry rescue initiative

Require the conditions for automotive industry assistance to apply to all private companies that receive bailout assistance from the federal government, until the assistance is repaid in full and the federal entities providing assistance cease to own any equity securities or other interests. These companies shall agree, in writing, to:

- Provide a detailed monthly report to Congress about how emergency economic assistance is being used to meet the intended objectives and goals of such assistance;
- Permit every Federal financial entity that provides assistance access to personnel and any information that may be relevant to the assistance, including compliance with the financial terms and conditions, and the right to audit such activities;
- Limit executive compensation and annual executive compensation tax deductions, prohibit golden parachutes for officers and directors, and prohibit the payment of dividends or other distributions, as required in EESA;
- Prohibit bonuses or incentive compensation awards to the top 25 highly paid executives;
- Prohibit any compensation plan that could encourage manipulation of reported earnings to increase the compensation of any employee;
- Prohibit entertainment and lobbying expenses;
- Prohibit the ownership or leasing of any private passenger aircraft; and
- Grant authority to impose other "appropriate standards" for executive compensation and corporate governance, as determined appropriate.

A violation of the foregoing conditions and obligations by a recipient of emergency economic assistance shall be considered a default on the obligation and shall be immediately due and payable to the Federal financial entity.

(3) Creation of a Taxpayer Protection Prosecution Task Force (TPPTF)

The Attorney General is required to immediately establish a TPPTF to investigate and prosecute financial fraud cases or any other violation of law that contributed to the collapse of our financial markets and seek to claw back any ill-gotten gains.

The Task Force shall file a public report directly with Congress every six months on its activities, and if necessary, a classified annex to protect the confidentiality of ongoing investigations or attorney-client privilege or other non-public information.

The Task Force will make recommendations to Congress within 60 days of its creation about extending the statute of limitation for complex financial fraud cases.

(4) Creation of a Financial Market Investigation and Reform Commission

This new commission, modeled on the successful 9/11 Commission, will:

- (a) Examine and report on the facts and causes of the collapse of the financial system and credit crisis;
- (b) Look at the extent to which federal entities knew or should have known about Financial practices that were risky or reckless, and posed a threat to the well-being of the nation's financial system;
- (c) Build on any investigations by the House Financial Services and Senate Banking Committees, and other congressional committees and federal banking agencies (all banking regulators including the Federal Reserve) and the Securities and Exchange Commission, to avoid duplication of effort;
- (d) Make a full and complete report of the reasons for the financial fiasco; and
- (e) Report to the President and Congress its findings, conclusions, and recommendations for the prevention of a similar financial debacle in the future.

The President and Congressional leadership will appoint 10 members to the commission with “national recognition and expertise in the operations of U.S. and global financial markets, or the safety and soundness of U.S. financial institutions or the use of complex derivatives and other structured financial instruments, or the investigation and prosecution of fraud and other intricate financial crimes.”

Statutorily, the commission will have the authority to, among other things:

- Hold hearings, take testimony, and collect evidence, by subpoena or otherwise;
- Issue subpoenas and may enforce the subpoena in the United States district court for the judicial district in which the subpoenaed person resides;
- Contract with appropriate entities to help the commission to discharge its duties;
- Obtain needed information and assistance from federal agencies.

The commission shall issue rules to manage or prohibit conflicts of interest. In addition, the commission shall issue two interim reports to discuss their progress, with a final report due 12 months after the bill's enactment. The commission will terminate 60 days after the submission of its final report to Congress. The bill authorizes the appropriation of funds necessary to carry out the commission's mandate.